MONTER
CAPITAL PARTNERSHIP LIMITED

MCPL Q4

NEWSLETTER

2024

DECEMBER, 2024

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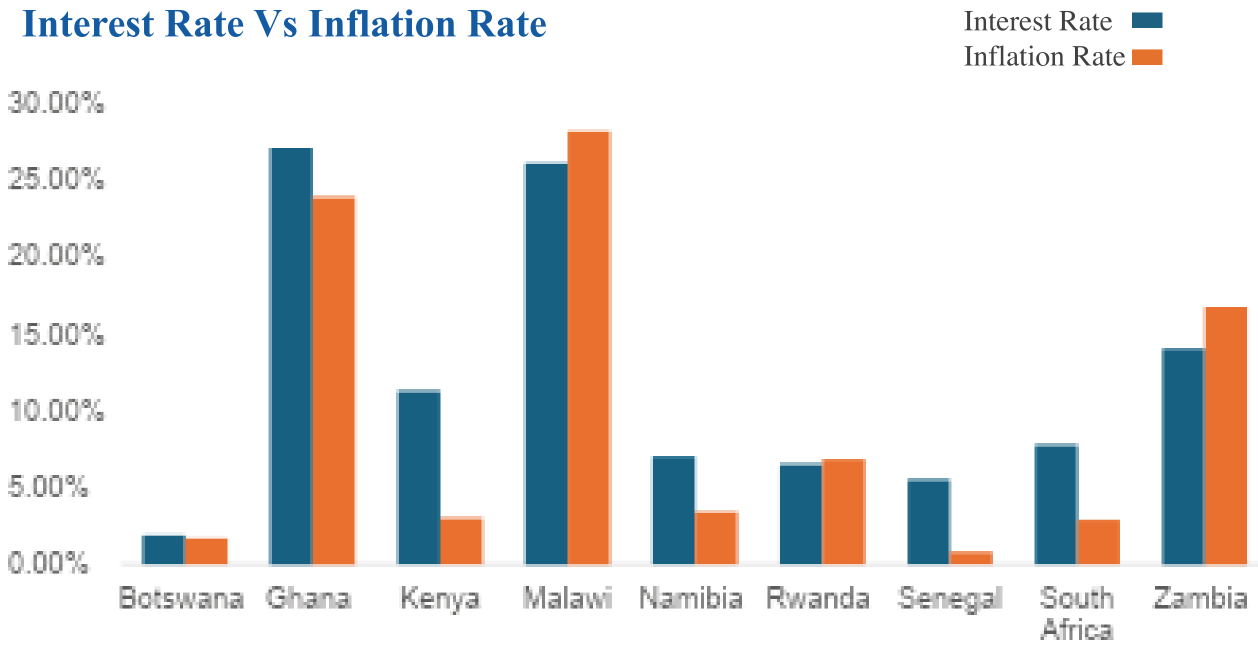
Country Stats:

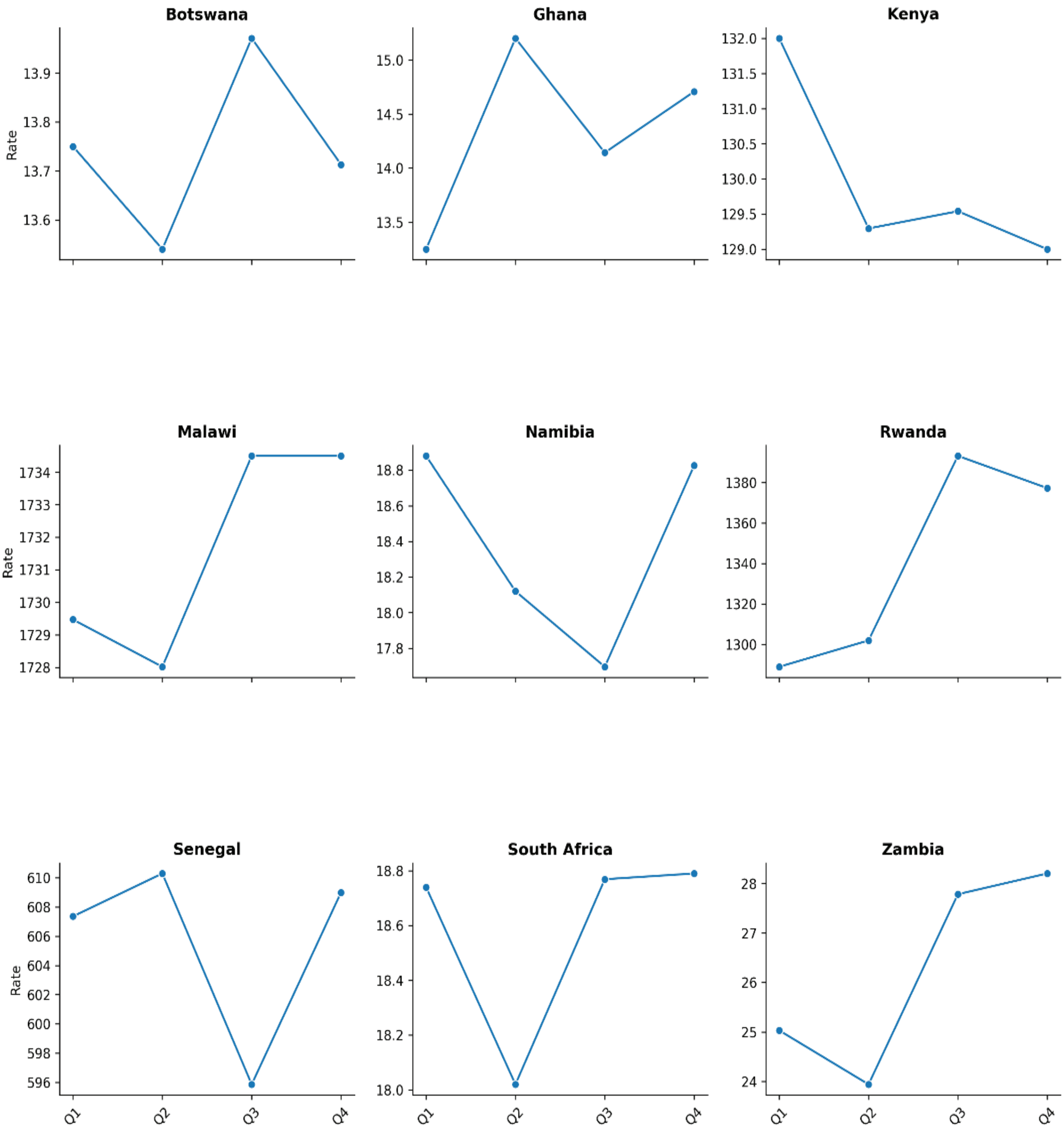
Country	Interest rate	Inflation rate	Exchange rate/ USD
Botswana	1.90%	1.70%	13.713
Ghana	27.00%	23.80%	14.707
Kenya	11.25%	3.00%	129.000
Malawi	26.00%	28.10%	1734.500
Namibia	7.00%	3.40%	18.862
Rwanda	6.50%	6.80%	1377.200
Senegal	5.50%	0.80%	609.000
South Africa	7.75%	2.90%	18.790
Zambia	14.00%	16.70%	28.202

Interest Rate Vs Inflation Rate



Quarterly Exchange Rate Movements (Q1-Q4)

The graphs below depict the movements of the currencies in our investment jurisdictions throughout 2024



Global Overview:

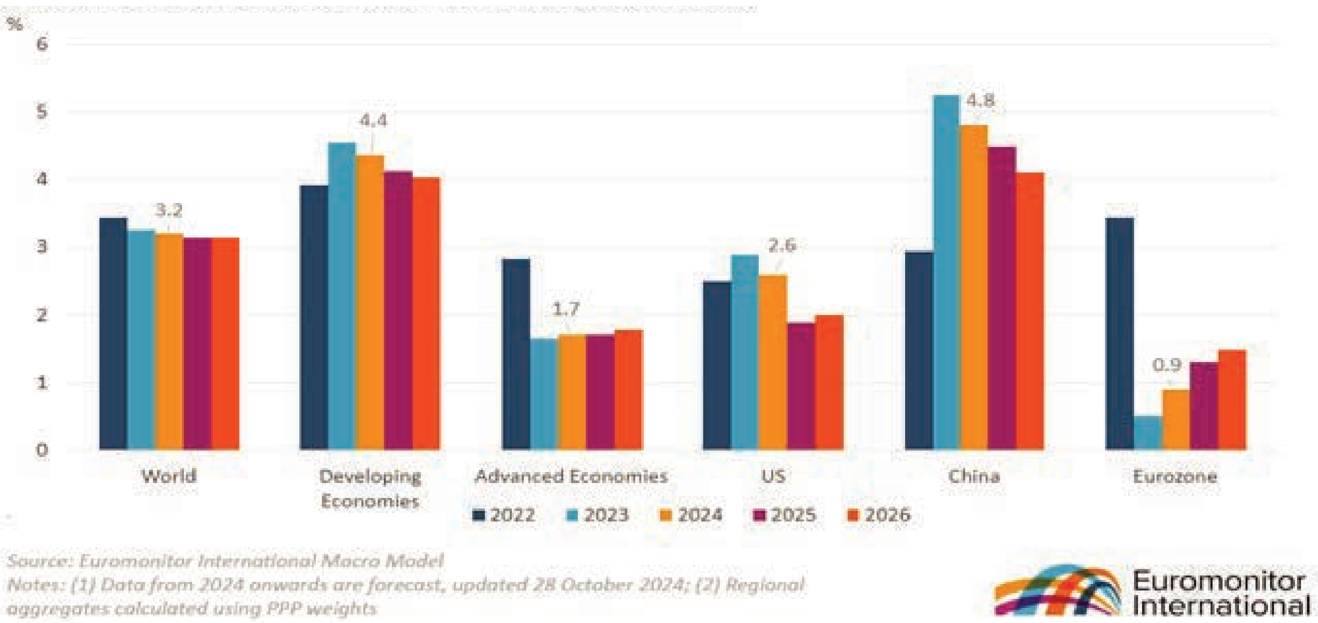
Global Economic Outlook: Steady Growth Amid Rising Risks

As we close out 2024, the global economy continues its steady growth trajectory, underpinned by moderated inflation, sustained private consumption, and a shift toward more accommodative monetary policies in key markets. However, both short- and medium-term growth prospects face significant challenges, particularly due to escalating geopolitical risks and increasing policy uncertainty.

Euromonitor International's Q4 2024 baseline forecast projects global real GDP growth at 3.2% for both 2024 and 2025, maintaining this growth rate but still falling short of pre-pandemic levels. Global inflation is expected to ease to 3.8% in 2025, a sharp decline from 6.5% in 2024.

Despite the impact of events such as the U.S. election, a strengthening dollar, and rising interest rates on market volatility throughout the year, the final quarter of 2024 ended on a positive note, with stock markets closing strong. The re-election of Donald Trump as U.S. president sparked renewed optimism in global financial markets. His policy agenda, which includes tax cuts, trade protectionism, and deregulation, is being closely monitored by investors and analysts, as they assess its potential impact on the economy and stock market performance.

Global Real GDP Baseline Forecast 2022-2026



In the commodity markets, crude oil prices surged to $72 per barrel by December's end and continued to climb to $74 per barrel in early January. Meanwhile, gold prices fell to $2,624 at the end of December, down from $2,640 in November. The outlook for the U.S. economy may shift somewhat in the near term, with both upside risks—such as potential tax cuts—and downside risks, including tariffs and labor supply constraints due to stricter immigration controls, all potentially shaping the future economic landscape.

The Eurozone is showing signs of gradual recovery from its 2023 slump, which was driven by high energy prices and inflation. The region is expected to see stronger growth in 2025 as interest rates ease and the economy rebounds from stagnation.

Emerging and developing economies are forecasted to grow by 4.4% in 2025, slightly lower than the 4.5% expected in 2024. This slowdown is primarily attributed to weaker growth prospects in China and Latin America.

Amidst a highly uncertain 2025, marked by a new U.S. administration, heightened geopolitical tensions, and various domestic economic and political challenges, the latest ACCA and IMA Global Economic Conditions Survey (GECS) revealed a significant decline in confidence in Q4 2024, dropping to its lowest level since Q2 2020.

As we look ahead, investors should remain agile, leveraging advanced analytics tools, with factor insights to navigate evolving markets. Key drivers of market performance will include policymaker actions—such as rate adjustments by the Federal Reserve and the European Central Bank—and geopolitical developments. For asset managers, adopting a diversified, data-driven approach will be crucial to achieving outperformance in this rapidly changing economic environment.

Country Economic Updates

Botswana:

In the fourth quarter of 2024, Botswana's economic performance demonstrated a cautious but steady outlook, with key monetary and inflationary indicators reflecting underlying stability despite global challenges. On December 5, 2024, the Bank of Botswana (BoBC) opted to maintain its benchmark interest rate at 1.9%, marking the second consecutive month of unchanged rates. This decision was informed by the Bank's assessment that the domestic economy was still operating below its potential capacity, with external headwinds—particularly the continued slump in the global diamond market—dampening the outlook. These external pressures were expected to mitigate inflationary risks, limiting the scope for demand-driven price increases.

Headline inflation remained stable at 1.7% between November and December 2024, consistent with the previous month and notably below the BoBC's medium-term inflation target range of 3-6%. This rate was also lower compared to 3.5% in December 2023. The stable inflationary environment was largely driven by balanced price movements across most consumer goods and services, with some counterbalancing price shifts in specific commodity categories. These factors helped maintain inflation within a manageable range, further supporting the BoBC's decision to hold rates steady.

Additionally, the political landscape saw significant changes in Q4 2024. Botswana's general elections, held on October 30, led to a historic shift in the country's leadership. The ruling Botswana Democratic Party (BDP), which had been in power for nearly six decades, was ousted in favor of the opposition Umbrella for Democratic Change (UDC). Duma Boko, leader of the UDC, was sworn in as the new president on November 1, marking a pivotal moment in the nation's political history.

Overall, Botswana's economic trajectory in Q4 2024 was characterized by stable inflation, cautious monetary policy, and a significant political transition, all of which will influence the country's economic outlook in the coming quarters.

Ghana:

Ghana's economic performance exhibited a complex mix of inflationary pressures and ongoing recovery. The Bank of Ghana's decision to reduce its benchmark interest rate by 200 basis points to 27% in September 2024 marked a strategic response to a moderating inflationary environment and signals of robust economic recovery. This was the first rate cut since January 2024, underscoring the central bank's confidence in the nation's recovery trajectory despite the ongoing challenges.

However, by the end of December 2024, Ghana's annual inflation rate saw a notable uptick, rising by 80 basis points to 23.8%. This marked a continuation of a gradual but persistent upward trend in inflation, which had been observed over the preceding four months. Inflation rose from 23% in November to 23.8% in December, positioning December's rate as the third highest of the year, behind March's 25.8% and April's 25%. While inflation has been moderating relative to earlier peaks in 2024, it remains elevated and continues to pose risks to purchasing power and consumer sentiment.

The incremental rise in inflation during Q4 reflects ongoing supply-side pressures, particularly in food and energy prices, as well as the broader impacts of global economic uncertainties. Despite these inflationary challenges, the overall economic recovery appears to be maintaining momentum, driven by a combination of fiscal policies, improved domestic demand, and strong performance in key sectors.

In summary, while Ghana's inflation trajectory showed signs of moderation through most of 2024, the end of the year saw a slight reversal, reflecting persistent price pressures that will likely inform the central bank's policy decisions in early 2025. The central bank's rate cuts earlier in the year may continue to support economic growth, but inflation remains a key concern as the economy moves into the new year.

Kenya:

In the fourth quarter of 2024, Kenya's monetary policy took a more dovish stance as the Central Bank of Kenya (CBK) lowered its benchmark interest rate by 150 basis points, from 12.75% to 11.25%, at its Monetary Policy Committee (MPC) meeting on December 5, 2024. This rate cut reflects the CBK's cautious optimism about the domestic economic environment, with inflationary pressures remaining relatively subdued and the economy continuing its recovery trajectory. The decision was likely aimed at supporting growth by encouraging lending and investment, while maintaining inflation within manageable levels.

As of December 2024, Kenya's year-on-year inflation rate stood at a moderate 3.0%, reflecting a stable price environment. This increase in prices, compared to December 2023, remained well within the CBK's target range, signaling a controlled inflation outlook. The relatively low inflation rate suggests that domestic demand has remained stable, while supply-side factors, including food and energy prices, have not exerted a significant upward pressure on the broader price level.

Overall, the fourth quarter of 2024 saw Kenya navigating a favorable inflationary environment, enabling the CBK to take a more accommodative monetary policy stance to stimulate economic activity. However, attention will be needed in 2025 as global and domestic factors continue to evolve, ensuring that inflation remains anchored and the economic recovery remains on track.

Malawi:

In the fourth quarter of 2024, Malawi's monetary policy remained largely unchanged, with the Reserve Bank of Malawi maintaining its benchmark lending rate at 26.00% in December, consistent with the rate set in November 2024. The decision to hold the rate steady came after a thorough assessment by the Bank's Monetary Policy Committee, which acknowledged that while inflation remains elevated, there are indications that inflationary pressures may ease in the near term due to favorable base effects. This suggests that while price increases were still pronounced, the rate of inflation could slow in the upcoming months.

The central bank also implemented a strategic move to curb money supply growth by raising the local currency reserve requirement ratio to 10%. This action reflects ongoing concerns about inflation and the need to ensure monetary stability in the face of structural economic challenges. Despite the increase in the reserve requirement, the Bank remains optimistic about inflationary trends in 2025, although it cautioned that risks—particularly from external shocks and domestic vulnerabilities—could disrupt this outlook.

Malawi's inflation rate, while showing signs of moderation, remained high at 28.10% in December 2024, up from 27.00% in November. This increase marks a slight uptick after a notable decline from 32.4% at the beginning of the quarter, signaling some improvement but still reflecting significant price pressures, particularly in food and fuel.

In terms of economic growth, Malawi is projected to expand by 2.3% in 2024, hindered by adverse El Niño weather conditions that have affected agricultural output and ongoing foreign exchange shortages. However, the outlook for 2025 is more optimistic, with growth projected to rebound to 4.3%, assuming that weather conditions stabilize, and foreign exchange constraints are eased.

Overall, Malawi's economic performance in Q4 2024 reflects a combination of persistent inflationary challenges, a cautious yet supportive monetary policy stance, and a modest growth outlook. The central bank's focus will likely remain on managing inflationary risks while fostering conditions for a recovery in 2025, particularly if agricultural production and foreign exchange dynamics improve.

Namibia:

In the fourth quarter of 2024, Namibia’s economic performance was marked by a moderate inflationary uptick and a dovish stance from the central bank aimed at stimulating growth. Namibia's annual inflation rate in December 2024 stood at 3.4%, representing the highest level since September of the same year. This increase was primarily driven by higher prices in key categories, including food, non-alcoholic beverages, and services related to hotels, cafes, and restaurants. These inflationary pressures, particularly in essential consumer goods and services, contributed to the uptick, although the overall rate remained within a relatively manageable range.

The Bank of Namibia’s medium-term inflation outlook suggests a steady trajectory for inflation, with their baseline estimates projecting an average rate of 4.9% for 2024, followed by a slight moderation to 4.6% in 2025. This outlook reflects a balanced approach to managing inflation, with the central bank aiming to keep price pressures within the target range while supporting broader economic growth.

To further support economic activity, the Bank of Namibia reduced its key lending rate by 25 basis points to 7.0% at the conclusion of its two-day monetary policy meeting on December 4, 2024. This marks the third consecutive rate cut, underscoring the central bank’s commitment to fostering economic growth amidst global uncertainties and maintaining the stability of the Namibian Dollar’s peg to the South African Rand. By lowering borrowing costs, the central bank seeks to incentivize investment and consumer spending, which will be crucial for Namibia's growth prospects in 2025.

Overall, Namibia’s economic outlook in Q4 2024 reflected a delicate balance of rising inflation in certain sectors, a cautious but accommodative monetary policy, and a focus on supporting economic stability. The central bank’s rate cuts, alongside its inflation projections, suggest that Namibia is positioning itself for a steady recovery in the medium term, assuming inflation remains manageable and external challenges do not escalate.

Rwanda:

Rwanda’s economic performance reflected a cautious approach to managing inflation while maintaining a stable policy stance. The National Bank of Rwanda (NBR) decided to keep its key interest rate unchanged at 6.5% in November 2024, following two prior rate cuts earlier in the year. This decision was aimed at containing inflation within the central bank’s target range of 3-8%, while also providing some support to economic activity. By holding the rate steady, the NBR sought to balance the need to control price pressures without stifling growth prospects.

Rwanda’s inflation rate in the fourth quarter rose to 6.8% year-on-year, as measured by the Consumer Price Index (CPI), marking an increase from 5.0% in November 2024. The uptick in inflation was primarily driven by higher prices in sectors such as food, transportation, and housing, which had a notable impact on the broader consumer price basket. Despite this increase, inflation remained within the NBR’s target range, suggesting that inflationary pressures were being managed effectively, although there was a need for continued vigilance.

Overall, Rwanda’s economic outlook in Q4 2024 highlights the central bank's ongoing focus on keeping inflation under control, while maintaining an accommodative monetary policy to support economic growth. The steady interest rate and moderate inflation indicate a balanced approach, but with inflation creeping closer to the upper end of the target range, the central bank will likely remain cautious in its policy stance moving into 2025.

Senegal:

Senegal’s economic performance exhibited a stable yet cautious growth trajectory, supported by strong fundamentals and ongoing structural reforms. Inflationary pressures remained contained, with the country maintaining relatively low-price increases compared to regional trends.

Senegal's inflation rate averaged just 1.5% for the year, underscoring the effectiveness of its monetary and fiscal policies in managing price stability despite global inflationary pressures. The stability in consumer prices reflects a combination of factors, including relatively stable food and energy prices, as well as the country’s efforts to maintain fiscal discipline and ensure supply chains remain resilient.

The country’s economic growth, while facing some external headwinds, continued to be driven by its diversified economy. Key sectors such as mining, agriculture, and services remained robust, supported by ongoing investments in infrastructure and industrialization. Senegal's energy sector, in particular, showed signs of expansion, with the continued development of its oil and gas resources expected to provide a significant boost to the economy in the medium term.

On the monetary front, the Central Bank of West African States (BCEAO) maintained its policy stance in line with its regional mandate, which helped to ensure price stability and support regional economic integration. While Senegal faces some challenges from global economic uncertainties and inflationary risks, the overall economic outlook remains positive, with growth prospects supported by infrastructure projects, a young and growing labor force, and strategic economic diversification.

Looking ahead to 2025, Senegal’s economy is expected to maintain a steady growth trajectory, with inflation likely to stay within manageable bounds. However, the country will need to navigate external risks, such as fluctuations in global commodity prices and potential shifts in global demand, while continuing its focus on strengthening domestic industries and attracting foreign investment

South Africa:

In the fourth quarter of 2024, South Africa’s economic performance was shaped by cautious monetary policy adjustments and external pressures that impacted both inflation and the currency. On November 22, 2024, the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) reduced the policy rate by 25 basis points, bringing it down to 7.75%. This rate cut followed a series of rate hikes earlier in the year and reflects the SARB's ongoing efforts to support economic growth amid relatively stable inflation, while still being mindful of external risks.

Inflation in South Africa showed a slight uptick in November 2024, rising to 2.9%, up from a four-year low of 2.8% in October. This marks the first increase in consumer inflation after five consecutive months of easing. While inflation remains low and well within the SARB’s preferred target range of 3-6%, it highlights the potential for modest inflationary pressures building in the economy. However, the increase remains manageable and does not pose an immediate threat to the central bank's inflation-targeting framework.

The South African rand faced significant challenges during Q4 2024, trading at 19.1 ZAR per USD, its weakest level in nine months. The rand's depreciation was largely driven by a stronger US dollar, which gained momentum due to expectations around US monetary policy and uncertainties surrounding President-elect Donald Trump’s economic agenda. These external factors added to the rand's volatility, which has been a recurring theme in South Africa’s recent economic performance.

Overall, South Africa’s economic outlook in Q4 2024 reflected a complex balance of domestic monetary policy adjustments and external currency pressures. The SARB's decision to ease the policy rate indicates a cautious approach to supporting growth, while inflation remains well-contained. However, the weakened rand and global uncertainties pose challenges for the country’s economic stability, and policymakers will likely continue to monitor both domestic and external developments closely in 2025.

Zambia:

Zambia’s economic performance reflected a challenging inflationary environment and ongoing monetary policy adjustments aimed at controlling price pressures.

Zambia's annual inflation rate edged up slightly to 16.7% in December 2024, from 16.5% in November. This marked the 18th consecutive month of rising inflation, driven by a combination of factors, including the worst drought in over a century, which severely impacted agricultural output, and the continued depreciation of the kwacha. These factors led to higher prices, particularly in the food and energy sectors, putting pressure on consumer spending.

In response to these inflationary pressures, the MPC raised the Monetary Policy Rate by 50 basis points in November 2024, increasing it from 13.5% to 14%. This rate hike was driven by the persistent inflationary trends, which have remained well above the BoZ's target range of 6-8%. The central bank’s decision to tighten monetary policy underscores its commitment to anchoring inflation expectations, despite the economic headwinds the country is facing.

Zambia's economic performance in Q4 2024 reflects the ongoing struggle with elevated inflation, exacerbated by external shocks like the drought and currency weakness. While the BoZ's rate hike aims to curb inflation, the outlook for 2025 will depend on both the effectiveness of these policy measures and the resolution of underlying supply-side challenges. The central bank’s ability to manage inflation, along with a potential stabilization of the kwacha, will be critical in shaping Zambia’s economic trajectory moving into the new year.

MCPL News: Portfolio News

Richmond Farms Limited

In the first quarter of 2024, Monter Capital acquired a 60% stake in Richmond Farms Limited, a leading agri-business enterprise in Zambia. Following the acquisition, Richmond Farms has grown to become the country's largest bulk cooking oil distribution network, with over 40 bulk oil stations nationwide. The company has also implemented a comprehensive food integration system, aimed at producing and delivering high-quality, nutritious food products.

Richmond Farms' diverse product range includes livestock, soybeans, corn, beans, groundnuts, peanut butter, salt, honey, rice, vegetables, meat, and edible oils, among others. These products are now widely available across approximately 300 outlets in leading supermarket chains nationwide.

Richmond Farms is proud to have created a workforce where women make up over 70% of its employees, demonstrating its commitment to empowering women and promoting social equity.

Team serving clients at one of our bulk oil stations

Richmond in Action

Interns at Richmond HQ

Interns at Richmond HQ before leaving for a marketing initiative

Monter IC members and a member of the Richmond team at one of our outlets

Richmond products in leading supermarkets

Clients at one of our rural outlets

Prolude Capital

Prolude Appoints Lorato Boakgomo-Ntakwana as Board Chairperson

In November 2024, Prolude concluded the year with a highly productive final board meeting, with all board members in attendance. During this meeting, the Prolude Management Team and Board of Directors took the opportunity to review the company's performance over the past year, celebrating significant achievements and identifying key areas for continued growth. The discussions also focused on setting ambitious goals for the upcoming year, reinforcing the company's commitment to innovation, operational excellence, and strategic expansion.

A highlight of the meeting was the appointment of Lorato Boakgomo-Ntakwana as the new Chairperson of the Board. With extensive experience in corporate governance and a strong track record of leadership, Lorato is poised to lead the board in guiding Prolude through its next phase of growth and success. The management team is excited about the future under her leadership and looks forward to the positive impact she will bring to the company.

As Prolude heads into 2025, both the board and the management team are optimistic & committed to achieving even greater milestones and strengthening Prolude's position in the market.

Analyst’s View

In 2024, the global economy remained a focal point, with leaders grappling with the lingering effects of inflation, shifts in monetary policy, and the need to sustain growth in the era of digital transformation. As the year progressed, uncertainty surrounding key issues such as the impact of Trump’s economic policies and the future direction of monetary policy created volatility in global markets. Notably, December saw significant declines, particularly in Brazil, where the Bovespa index dropped 4% for the month and 10% for the year, largely due to worsening fiscal conditions and a loss of investor confidence. Despite these challenges, global growth expectations remained stable, with projections indicating a modest 3.3% growth for 2025.

Forecasting 2025 Global Economic Growth

Looking ahead to 2025, global economic growth is expected to maintain a robust pace of 3.3%, although with notable regional divergences. While developed economies like the United States show promise with an upward revision in growth, emerging markets (EM) are forecasted to see slower growth, particularly due to a sharp slowdown in China. Inflation in emerging markets is expected to moderate, with services inflation cooling, but core goods prices may experience temporary boosts due to tariffs and currency depreciation.

The global economic outlook for 2025 remains positive but cautious, with growth expected to stabilize at around 3.3% in both 2025 and 2026, as per the latest World Economic Outlook. However, medium-term risks to growth are tilted to the downside, with concerns over inflationary pressures, tariff impacts, and the ongoing risk of recession. Despite this, global GDP growth is projected to be slightly higher in 2025 compared to 2024, signaling a steady economic trajectory, though not sufficient to drive sustained development, particularly in emerging markets.

As we step into 2025, the global economy appears poised for moderate yet uneven growth. Policymakers and businesses will need to navigate this complex landscape carefully, balancing short-term challenges with long-term opportunities in an era defined by technological transformation and evolving economic paradigms.

	March 2025	June 2025	September 2025	December 2025
EUR/USD	0.99	1.03	1.05	1.08
GBP/USD	1.21	1.27	1.28	1.32
USD/JPY	152	151	149	148
AUS/USD	0.62	0.65	0.67	0.69
CAD/USD	1.43	1.42	1.40	1.37
NZD/USD	0.58	0.59	0.60	0.61

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